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Audit on Bureau of Local Government raises ‘serious concerns’

Lansing – Today’s release of an audit of the Michigan Department of Treasury’s Bureau of Local Government Services raises ‘serious concerns’ about the bureau’s effectiveness and efficiency, according to Senate Finance Committee Chair Nancy Cassis (R-Nov).

“I am shocked and troubled by results of this audit,” Cassis said. “It raises serious concerns about the bureau’s effectiveness and makes it very obvious that they are not doing the job they are supposed to be doing.”

The performance audit, released today by the state Auditor General, found numerous instances where taxes were either not collected or not accounted for by the Bureau of Local Government Services. The limited sample examined in the audit revealed nearly \$120 million in uncollected tax revenue from local governments, including uncollected industrial facility taxes, state education taxes, and state tax revenue held by cities.

The Bureau agreed with 25 of the 29 problem areas the audit cited, and it has agreed to seek ways to fix the areas of concern, according to the report. Cassis noted that the Legislature will be watching closely to ensure that happens.

“The Auditor General merely peeked under the rock with this study,” Cassis said. “We need assurances that more and bigger problems do not exist.”

With Michigan facing another large budget shortfall for Fiscal Year 2005, the Department of Treasury has been studying Michigan’s current tax structure.

“In light of this audit, I question having the Treasury Department initiate new taxes or tax restructuring until they can prove they are able to collect the taxes they already have on the books,” Cassis said. “We await a formal response by Treasury’s Bureau of Local Government Services within 60 days, which is required by statute.”

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